

Message Text

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13

ACTION NEA-09

INFO OCT-01 PER-05 ISO-00 FS-01 ABF-01 A-01 M-02 OPR-02

/022 W

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R 301005Z AUG 74

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 9345

LIMITED OFFICIAL USE KATHMANDU 3578

FOR WILLIAMSON, NEA/EX FROM FALZONE

E.O. 11652: N/A

TAGS: AFSP, NP

SUBJECT: NEW LOCAL COMPENSATION PLAN

REF: A) KATHMANDU 2277; B) KATHMANDU 3421

1. REFTEL (B) CLEARED UP MAJOR EXCEPTION BY PER/PCE/PPM/LP TO KATHMANDU LOCAL WAGE PLAN. WITH REINSTATEMENT OF THIS FACTOR IN WAGE PLAN REPRESENTING 4 PERCENT OF THE INCREASE, POST NOW AWAITING EARLY APPROVAL OF THE PLAN BY THE BUREAU.

2. I MET YESTERDAY WITH THE EXECUTIVE COMMITTEE OF THE NEPALESE EMPLOYEE ASSOCIATION REPRESENTING APPROXIMATELY 210 LOCAL EMPLOYEES OF THE U.S. GOVERNMENT AGENCIES AT POST. COMMITTEE DISCUSSED POSSIBILITY OF FRINGE BENEFITS, E.G., HEALTH PLAN, COMMON IN OTHER WAGE PLANS OF MAJOR COMPANIES IN NEPAL. HOWEVER, COMMITTEE'S MAJOR TOPIC WAS THE LOCAL WAGE INCREASE PENDING SINCE JUNE 1974. THEY CITED PRICE INCREASES IN BASIC FOOD ITEMS AND QUOTED STATISTICS SUBSTANTIATING THESE INCREASES AND EFFECT ON TAKE-HOME PAY.

3. I CHECKED CONSUMER PRICE INDEX STATISTICS RASTRA BANK (CENTRAL BANK). CPI SHOWS LIVING COSTS WENT UP 17 PERCENT FIRST THREE QUARTERS AND IS EXPECTED TO REACH 20 PERCENT BEFORE END OF THIS YEAR. AS NOTED IN REFTEL (A) EMPLOYERS IN KATHMANDU
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HAVE ALREADY GIVEN PAY INCREASES OF FROM 7 PERCENT TO 25 PERCENT

FOR COST OF LIVING FACTORS.

4. IN VIEW FOREGOING, AMBASSADOR GREATLY CONCERNED OVER
EXTENDED DELAY IN IMPLEMENTATION OF NEW LOCAL WAGE PLAN
AND EFFECT IT IS HAVING ON MORALE OF LOCAL EMPLOYEES. WOULD
APPRECIATE APPROVAL WAGE PLAN SOONEST.
CARGO

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